

# Oriental Land Co., Ltd.

INTERIM REPORT

# 2006

For the six months ended September 30, 2005

## Growth Strategies and Measures for the Future

- To Our Stockholders
- Forecast on Business Performance for the Fiscal 2006 and Measures for the Second Interim Term of Fiscal 2006
- Growth Strategies in the Fiscal 2007 and Beyond—Becoming a “Destination Resort”

## Advancing under a Management Policy Centered on Hospitality and Placing High Value on People



Yoshiro Fukushima,  
President and COO

We are pleased to present this interim report on the performance of the Oriental Land Group to our stockholders and investors.

This represents my first opportunity to introduce a report on Group results since my appointment as president and COO in June 2005.

The corporate mission of Oriental Land Co., Ltd. is to provide dreams, excitement, joy and comfort based on exciting, innovative concepts. Fulfilling this mission is the Oriental Land Group's raison d'être and will lead to the complete realization of our social mission and corporate responsibility. Therefore, my management policy is centered on hospitality and places high value on people.

In considering the state of the market, we see that people's values and lifestyles are becoming increasingly diversified and sophisticated. The focus of people's desires has changed from basic necessities such as food, clothing and housing into leisure and health. It continues to evolve into a desire for intellectually and aesthetically satisfying experiences. People today are seeking lifestyles that place higher value on mental and emotional involvement.

Although we cannot definitively capture what lies at the center of the products and services provided by the Oriental Land Group, the essence of the quality we offer is action from the heart. Responding to the diversification and sophistication of people's values requires management centered on hospitality. This means placing the traditional and intrinsically Japanese sense of hospitality at the core and consistently providing services that combine this hospitability with imagination. Since people are at the center of this approach, I believe we need management that values people.

Our performance in the interim period under review resulted in year-on-year decreases in both revenues and income, and we have consequently revised our forecast for full-year business performance from initial projections. We fully recognize the challenges we face and are committed to intensify our efforts to meet them. Thank you for your continued encouragement and support as we strive to meet and exceed your expectations for the Oriental Land Group.

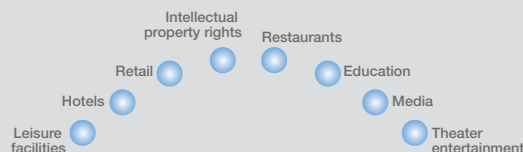
Yoshiro Fukushima  
President and COO



Illustration of Tokyo Disney Resort

### OLC Group 2010 Vision

Toward Business that Powers Your Heart with Happiness



### OLC Group 2010 Vision

To become a company that provides people with dreams, excitement, joy and comfort in the domain of "Business that Powers Your Heart with Happiness."

The Three Pillars of the Vision

- (1) Win acclaim for Tokyo Disney Resort as the world's top "Destination Resort."\*
- (2) Maximize revenues gained in areas outside the Maihama area.
- (3) Maximize the corporate value of the Oriental Land Group and enhance the satisfaction of all stakeholders.



\* Destination Resort: destination where anybody can visit anytime and repeatedly for enjoyment

## Forecast on Business Performance for the Fiscal 2006 and Measures for the Second Interim Term of Fiscal 2006

### Forecast on business performance for the fiscal year ending March 31, 2006 revised based on due consideration of the interim results

In our initial plan, we had expected year-on-year increases in revenues and income for the full fiscal year ending March 31, 2006. However, both revenues and income for the interim period decreased compared with the same period in the previous fiscal year due to the decline in theme park attendance caused mainly by Expo 2005 Aichi Japan.

Based on the results of the interim period under review, we have revised our forecast on business performance for the year ending March 31, 2006, to the figures shown in the table.

The reasons for these revisions can best be explained through comparison with the actual results of the previous fiscal year.

Revenues are expected to increase year-on-year, due to such factors as the full-year operation of the Palm & Fountain Terrace Hotel, which opened in February 2005. Especially in our theme park business, we expect to achieve record attendance for the latter half of the fiscal year through the addition of special events for the winter season, and we expect to attain full-year results that are essentially in line with the previous fiscal year after accounting for the decreases in the interim period.

Operating income, however, is expected to decrease under the impact of such factors as increased operating expenses including expenses related to the full-year operation of the Palm &

#### Forecast on Business Performance for the Fiscal Year Ending March 31, 2006 (Billions of Yen)

	Expected revisions for fiscal year ending March 31, 2006	Actual results for fiscal year ended March 31, 2005	Change
<b>Revenues</b>	<b>334.7</b>	<b>331.1</b>	<b>3.6</b>
Theme Park Segment	276.5	276.3	0.2
Commercial Facilities Segment	22.7	22.2	0.5
Retail Business Segment	23.0	24.0	(1.0)
Other Business Segment	12.5	8.6	3.9
<b>Operating expenses</b>	<b>305.8</b>	<b>296.5</b>	<b>9.3</b>
Cost of revenues	272.6	265.0	7.6
Selling, general and administrative expenses	33.2	31.5	1.7
<b>Operating income</b>	<b>28.9</b>	<b>34.6</b>	<b>(5.7)</b>
<b>Net income</b>	<b>14.4</b>	<b>17.2</b>	<b>(2.8)</b>

Fountain Terrace Hotel and personnel costs due to changes in the personnel system for part-time employees: although revenues are projected to increase.

With regard to our medium-term targets announced in May 2004, calling for consolidated revenues of ¥360 billion or above and consolidated operating income of ¥45 billion or above by the fiscal year ending March 31, 2007, considering the trends in results from the previous fiscal year, a divergence has occurred from the time the targets were originally set, and consequently we are now considering the revision of those targets.

### Realizing the Business Performance Plan

We are implementing the following actions toward achieving our full-year business performance.

#### Theme Parks

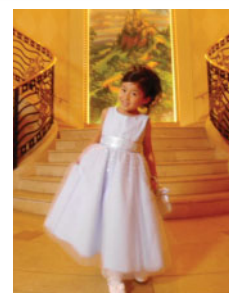
At Tokyo DisneySea, we will offer new and thrilling experiences at "Raging Spirits," a new attraction introduced in July. We will expand the scope of special events and limited-offer special programs that have proven highly popular at the two theme parks, Tokyo Disneyland and Tokyo DisneySea, then scheduled at the beginning of the fiscal year. In addition, we will aggressively pursue other promotional measures designed to attract as many guests as possible to the theme parks.

#### Disney Hotels

To enable our overnight guests to enjoy the Tokyo Disney Resort, we will launch the "Disney Hotels Happy Coupon Campaign" targeting guests staying at the two Disney hotels starting in January 2006. As a finale to the fifth anniversary events at the Disney Ambassador Hotel, we will offer "Be a Disney Princess," to create the experience of royalty for all our female guests. We will provide attractive programs that are exclusive to the Disney hotels.



Raging Spirits



Be a Disney Princess

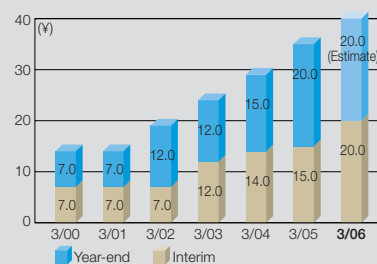
\* "Disney Hotels Happy Coupon Campaign": We will provide guests with coupons entitling them to benefits including shopping discounts and presents from Disney hotels' restaurants and shops, shops inside the theme parks, the Disney shop "Bon Voyage" near Maihama Station, and the Disney Store located inside the Tokyo Disney Resort.

### Annual Dividend Payments Raised ¥5 to ¥40 per Share

The Oriental Land Group is striving to increase cash flows and enhance corporate value by allocating cash flows generated by businesses, centered on the Tokyo Disney Resort, to additional investments aimed at developing the resort into a "destination resort," and to investments in new businesses for further growth. Concurrently, while upholding the basic goal of stable dividend payments, we will also seek opportunities to implement increases in annual dividends per share.

Under this principle, we have decided to pay dividends of ¥20 per share for the interim period under review. We are also planning to pay year-end dividends of ¥20 per share for the fiscal year. We therefore expect to pay combined interim and year-end dividends of ¥40 per share for the fiscal year ending March 31, 2006, representing an increase of ¥5 compared with the previous fiscal year.

#### Dividends per Share



## Growth Strategies in the Fiscal 2007 and Beyond —Becoming a “Destination Resort”

To realize our OLC Group 2010 Vision, we will promote the transition of the Tokyo Disney Resort into a “destination resort” as one of the pillars of our vision. We will implement new attractions and anniversary events in the theme parks to turn the Tokyo Disney Resort into a “destination resort” that meets the varied needs of our guests, allowing them to enjoy the

theme parks, attend movies and eat out, or stay overnight at our hotels for a satisfying resort experience. Our objective is to make each and every guest want to return again and again. We will also continue to develop the theme resort as a “destination resort” that respond to variety of leisure needs with ever more innovative appeal.

### Toward Further Enhancing Theme Park Attractiveness

At Tokyo DisneySea, we will follow up the success of “Raging Spirits,” which opened in July 2005, with a new entertainment starting mid-July in 2006 to commemorate the Tokyo DisneySea’s fifth anniversary. The “Tower of Terror,” is a new large-scale attraction in autumn to further enhance the park’s

appeal and capacity. Furthermore, Tokyo Disneyland will add appealing new features through aggressively replacing and renewing existing facilities. Through these measures, we intend to improve our ability to boost attendance at the two theme parks.

#### Tower of Terror

(Scheduled opening: autumn 2006)

A freefall-style attraction staged at a dilapidated hotel towering over the American Waterfront area. Guests are lifted by the ride to the uppermost floor which will be greeted with supernatural phenomena before the ride unexpectedly drops and experience the greatest thrill of their lives.



#### Tokyo DisneySea Fifth Anniversary Events

(Mid-July, 2006 to the end of May, 2007)

The opening act of the grand events commemorating the fifth anniversary (September 4, 2006) will be a new entertainment show that will start in the summer of 2006.\* The Mediterranean Harbor will serve as a stage where the joy of encountering legendary animals will unfold at an impressive scale based on an original storyline.



\* The current entertainment show, “Porto Paradiso Water Carnival,” will be discontinued May 7, 2006.

### Plans for New Facilities that Offer New Ways to Enjoy the Tokyo Disney Resort

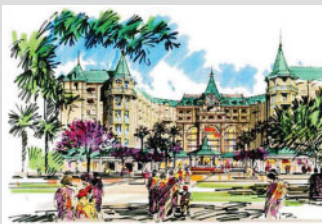
Construction plans for new facilities are steadily underway to offer guests appealing features different from the theme parks.

We will provide all guests, regardless of age, a variety of reasons for visiting the Tokyo Disney Resort.

#### A New Disney Hotel

(Scheduled opening: fiscal year ending March 31, 2009)

In addition to the Disney Ambassador Hotel and Tokyo DisneySea Hotel MiraCosta, a third Disney hotel will be built at the entrance to Tokyo Disneyland. Towering nine floors above ground with 700 guest rooms, the new hotel will be largest of the Disney hotels already in operation inside the Tokyo Disney Resort. The birth of this new hotel, which will allow guests to relax with their memories of the Tokyo Disney Resort, will further expand the joy and splendor of staying at the resort.



#### Permanent Theater for the Cirque du Soleil

(Scheduled opening: fiscal year ending March 31, 2009)

We are planning to open a permanent theater for exclusive use by the Cirque du Soleil in a joint project with Cirque du Soleil and The Walt Disney Company. This is expected to become the only theater in Japan where guests can enjoy the world-famous artistic entertainment on an ongoing basis. Cirque du Soleil is currently developing an original program for this permanent venue.



\* Scene of La Nouba, now playing at Walt Disney World Resort

# Management's Discussion and Analysis of Operations (Consolidated Basis)

ORIENTAL LAND CO., LTD.

## Summary

- On a consolidated basis, both revenues and operating income decreased compared with the same period of the previous fiscal year. The decline was due to a drop in total attendance at the two theme parks caused by the impact of Expo 2005 held in Aichi, Japan from March to September and other factors. Operating expenses generated by the Palm & Fountain Terrace Hotel, which opened in February 2005, and increased production costs for entertainment events and shows in the Theme Park segment also constrained operating income.
- While actively seeking repayment of loans and redemption of bonds, long-term debt increased including ¥31,000 million to cover funding for the acquisition of treasury stock undertaken in June, and as a result, the outstanding balance of interest-bearing debt rose compared with the end of the previous fiscal year.

## Income Analysis

### Revenues and Operating Income

Consolidated revenues for the interim period fell 0.6% compared with the same period of the previous fiscal year to ¥156,292 million (US\$1,380.8 million). Consolidated operating income fell 20.4% to ¥11,382 million (US\$100.6 million).

### Composition of Business Segments of the Oriental Land Group

SEGMENT	MAIN OPERATIONS
Theme Parks	Tokyo Disneyland, Tokyo DisneySea, Tokyo DisneySea Hotel MiraCosta
Commercial Facilities	Disney Ambassador Hotel, Ikspiari
Retail Business	Disney Store Japan
Other Businesses	Palm & Fountain Terrace Hotel, Disney Resort Line, etc.

SEGMENT	(MILLIONS OF YEN)	
	RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005	OPERATING INCOME
Theme Parks.....	¥129,238	¥9,739
Commercial Facilities.....	10,711	926
Retail Business.....	10,468	512
Other Businesses.....	5,875	146
Eliminations.....	—	59
Total.....	¥156,292	¥11,382

### Theme Park Segment

Revenues fell 1.6% compared with the same period of the previous fiscal year to ¥129,238 million.

Total attendance at the two parks fell 3.1% compared with the same period of the previous fiscal year to 11,662 thousand guests. Despite aggressive business initiatives implemented at the two theme parks, including the introduction of the new attraction "Raging Spirits" at Tokyo DisneySea, attendance fell due to such factors as the impact of Expo 2005 Aichi Japan, which was held from March to September 2005. Nevertheless, revenues per guest rose 1.2% to ¥9,152. The main factors for the increase were favorable sales of regular products at Tokyo Disneyland and of products related to special events at Tokyo DisneySea.

Operating income fell 13.4% to ¥9,739 million as decreased cost ratios for merchandise, food and beverages were countered by increases in entertainment and show production expenses due to the larger scale of special events and increases in personnel expenses due to changes in the personnel system for part-time employees.

### Commercial Facilities Segment

Revenues fell 0.8% compared with the same period of the previous fiscal year to ¥10,711 million. Operating income fell 19.8% to ¥926 million. The decline was due to a slight decrease in occupancy rates at Disney Ambassador Hotel in the first quarter caused by a drop in theme park attendance.

### Retail Business Segment

Revenues fell 6.9% compared with the same period of the previous fiscal year to ¥10,468 million. This was due to factors that included a decline in the number of store customers which was caused by a slight gap in preferences between the needs of higher spending customers and our product offerings. Operating income fell 64.1% to ¥512 million, due to such factors as increases in store repair costs and personnel costs.

### Other Business Segment

Revenues rose 54.3% compared with the same period of the previous fiscal year to ¥5,875 million, as the Palm & Fountain Terrace Hotel, which opened in February 2005, contributed to results for the period. On the other hand, operating income fell 50.2% to ¥146 million, due to factors including higher operating expenses from increased animation production expenses in the intellectual property business as well as the operation of the Palm & Fountain Terrace Hotel.

## Net Income

Consolidated net income decreased 23.3% compared with the same period of the previous fiscal year to ¥5,515 million (US\$48.7 million). Despite incurring an extraordinary loss on employee retirement benefit expenses in connection with a change in the retirement benefit system, the company did not record the extraordinary loss on one-time payment of the excess of cost over book value of affiliated companies accounted for by the equity method that it recorded in the same period of the previous fiscal year.

## Financial Position and Liquidity

Total assets at the end of the interim period were ¥644,463 million (US\$5,693.6 million), a decrease of 2.4% from March 31, 2005.

Current assets were ¥77,183 million (US\$681.9 million), a decrease of 13.9% from March 31, 2005, due to factors including a decrease in cash and time deposits in connection with the redemption of the fifth series of unsecured bonds (¥10,000 million) in April. Theme parks, resorts and other property, at cost totaled ¥514,189 million (US\$4,542.7 million), down 1.3%, despite progress in the construction of new attractions, as depreciation and amortization of Tokyo Disney Resort facilities progressed.

Total liabilities were ¥279,018 million (US\$2,465.0 million), an increase of 3.1% from March 31, 2005.

Current liabilities were ¥83,551 million (US\$738.1 million), an increase of 10.3% from March 31, 2005, due to the second series of unsecured bonds (¥30,000 million) being re-classified from non-current liabilities to current liabilities, while the company redeemed the fifth series of unsecured bonds. Non-current liabilities were ¥195,467 million (US\$1,726.9 million), an increase of 0.4% from March 31, 2005, due to factors including an increase in long-term debt (¥31,000 million) to meet funding needs for the acquisition of treasury stock undertaken in June.

Total stockholders' equity was ¥365,342 million (US\$3,227.7 million), down 6.2% from March 31, 2005, due to factors including a decrease in the number of outstanding shares as a result of the acquisition of treasury stock, despite an increase in retained earnings. The stockholders' equity ratio was 56.7%, down 2.3 percentage points from March 31, 2005.

## Consolidated Cash Flows

Cash and cash equivalents at the end of the interim period decreased ¥15,851 million from the beginning of the period to ¥42,726 million (US\$377.5 million).

Net cash provided by operating activities was ¥21,786 million (US\$192.5 million), a decrease of ¥994 million compared with the same period of the previous fiscal year. This was mainly due to decreased net income before income taxes, while consumption taxes decreased.

Net cash used in investing activities was ¥21,338 million (US\$188.5 million), a decrease of ¥27,635 million compared with the same period of the previous fiscal year. Due to the absence in the interim period of the sale and redemption of marketable securities to fund the redemption of bonds undertaken during the same period of the previous year, proceeds from the sale and redemption of marketable securities decreased. At the same time, expenditures for new investments in or for the renewal and improvement of Tokyo Disney Resort facilities increased compared with the same period of the previous fiscal year.

Net cash used in financing activities was ¥16,299 million (US\$144.0 million), down ¥1,696 million compared with the same period of the previous fiscal year, due to the continuing steady redemption of bonds and repayment of debt, despite the absence of proceeds from the issuance of the sixth series of unsecured bonds that were recorded in the same period of the previous fiscal year.

## Condensed Consolidated Statements of Income (unaudited)

ORIENTAL LAND CO., LTD.

FOR THE SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND 2004	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS
	2005	2004	2005
<b>REVENUES</b>	¥ 156,292	¥ 157,198	\$ 1,380,793
<b>COST OF REVENUES</b>	129,023	127,773	1,139,879
Gross profit .....	27,269	29,425	240,914
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	15,887	15,129	140,357
Operating income .....	11,382	14,296	100,557
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income.....	207	215	1,829
Interest expenses.....	(1,871)	(1,939)	(16,530)
Others, net.....	(134)	286	(1,184)
	(1,798)	(1,438)	(15,885)
Income before income taxes .....	9,584	12,858	84,672
<b>INCOME TAXES:</b>			
Current.....	3,954	5,122	34,932
Deferred.....	120	546	1,060
<b>MINORITY INTERESTS</b>	(5)	2	(43)
Net income.....	¥ 5,515	¥ 7,188	\$ 48,723
		YEN	U.S. DOLLARS
<b>AMOUNT PER SHARE:</b>			
Net income.....	¥ 56.78	¥ 71.79	\$ 0.50
Dividends per share.....	20.00	15.00	0.18

## Condensed Consolidated Balance Sheets (unaudited)

ORIENTAL LAND CO., LTD.

AS AT END OF	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS
	2005/9	2005/3	2005/9
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents.....	¥ 42,726	¥ 58,577	\$ 377,472
Marketable securities.....	5,700	2,150	50,358
Trade receivables.....	9,292	11,456	82,092
Inventories.....	9,230	8,099	81,544
Other current assets	10,235	9,335	90,423
Total current assets.....	77,183	89,617	681,889
<b>THEME PARKS, RESORTS AND OTHER PROPERTY, AT COST:</b>			
Attractions, buildings and equipments.....	751,427	740,838	6,638,634
Land.....	92,015	91,975	812,925
Construction in progress.....	13,772	12,100	121,672
Less accumulated depreciation.....	(343,025)	(324,192)	(3,030,524)
Total theme parks, resorts and other property, at cost.....	514,189	520,721	4,542,707
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments and other assets.....	53,091	49,887	469,043
Total assets.....	¥ 644,463	¥ 660,225	\$ 5,693,639
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables.....	¥ 12,711	¥ 14,586	\$ 112,298
Current portion of long-term debt.....	32,102	16,504	283,611
Other current liabilities.....	38,738	44,643	342,239
Total current liabilities.....	83,551	75,733	738,148
<b>NON-CURRENT LIABILITIES:</b>			
Long-term debt.....	186,281	185,945	1,645,737
Other non-current liabilities.....	9,186	8,833	81,156
Total non-current liabilities.....	195,467	194,778	1,726,893
<b>MINORITY INTERESTS</b>	103	108	910
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>			
<b>STOCKHOLDERS' EQUITY:</b>			
Common stock:			
Authorized 330,000,000 shares; Issued 100,122,540 shares at March 31 and September 30, 2005.....	63,201	63,201	558,362
Additional paid-in capital.....	111,403	111,403	984,212
Retained earnings.....	214,153	210,725	1,891,978
Net unrealized holding gains on securities.....	6,848	4,289	60,500
Treasury stock, at cost .....	(30,263)	(12)	(267,364)
Total stockholders' equity .....	365,342	389,606	3,227,688
Total liabilities, minority interests and stockholders' equity.....	¥ 644,463	¥ 660,225	\$ 5,693,639



## Investor Information

As of September 30, 2005

### SHARES OF COMMON STOCK:

**AUTHORIZED:** 330,000,000 shares

**ISSUED:** 100,122,540 shares

**CAPITAL STOCK:** ¥63,201 million

**NUMBER OF STOCKHOLDERS:** 115,952

### STOCK LISTING:

Tokyo Stock Exchange, First Section Code: TSE 4661

### TRANSFER AGENT:

The Chuo Mitsui Trust & Banking Co., Ltd.

### ANNUAL MEETING OF STOCKHOLDERS:

The annual meeting of stockholders of the Company is normally held in June each year.

### DIVIDEND DATES:

Subject to approval by the Board of Directors

RECORD DATES	PAYMENT DATES
March 31	June 30
September 30	December 6

### FOR FURTHER INFORMATION, CONTACT:

Investor Relations Group

Finance/Accounting Division

Oriental Land Co., Ltd.

1-1 Maihama, Urayasu, Chiba 279-8511, Japan

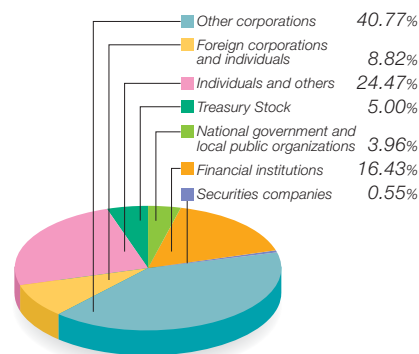
TEL: +81 47 305 2034

FAX: +81 47 381 3556

Email: jumpei.kojima@olc.co.jp

## Distribution of Stockholders

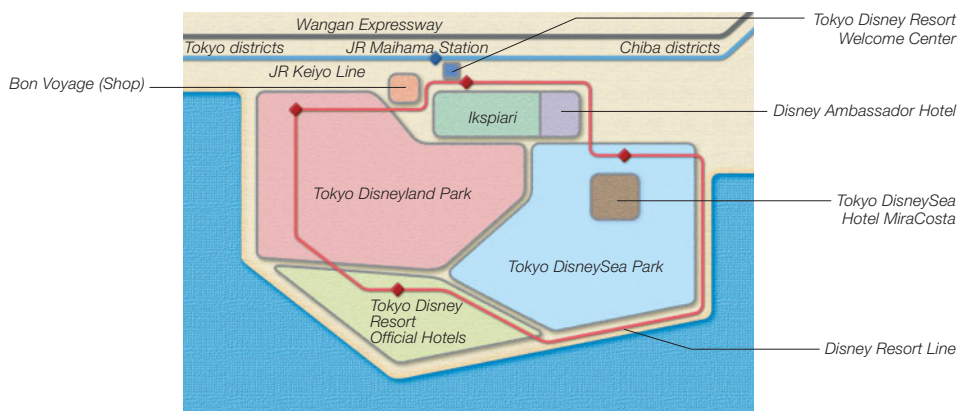
As of September 30, 2005



## Common Stock Price Range on the Tokyo Stock Exchange



## Tokyo Disney Resort Map



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**OLC**

**Oriental Land Co., Ltd.**

1-1 Maihama, Urayasu, Chiba 279-8511, Japan

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